

Message Text

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70

ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AGR-05

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01 FEA-01

/095 W

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R 071200Z APR 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1750

C O N F I D E N T I A L CAIRO 4574

EO 11652: GDS

TAGS: EFIN, ETRD EG

SUBJECT: PRIME MINISTER ADDRESSES SUPPLY PROBLEMS

1. FROM RECENT PRESS REPORTS IT WOULD APPEAR THAT PM SALEM HAS ADDRESSED, IF SOMEWHAT BELATEDLY, SERIOUS PROBLEM OF COMMODITY SUPPLY AND DISTRIBUTION INADEQUACIES. HE HAS CALLED FOR DETAILED INVENTORY OF RESERVE STOCKS AND CONSUMPTION NEEDS WITH RESPECT TO PLANS FOR 1976 IMPORTS. PUBLISHED ACCOUNTS OF CABINET MEETING ON THIS SUBJECT INDICATE ELEMENTS OF GOE HAVE BEEN WORKING VIRTUALLY AT CROSS PURPOSES. PRIMIN REPORTEDLY NOTED THAT IN 1974 EGYPT HAD LARGE COMMODITY RESERVES, YET IMPORTS TOTAL REQUIREMENTS. ANOTHER EXAMPLE CITED WAS WHEAT STOCKS CURRENTLY AMOUNTING TO SIX-MONTH SUPPLY. PRELIMINARY STUDIES ARE SAID TO SHOW LARGE RESERVES OF BUILDING SUPPLIES, TIMBER, GLASS AND PAPER, AS WELL. PRIMIN DIRECTED MINFIN ABU ISMAIL PERSONALLY TO INVESTIGATE AND DESPATCH TO MARKETS EXCESS GOODS IN STOCKS, WITH PRIORITY GIVEN TO ITEMS NEEDED FOR IMMEDIATE CONSUMPTION.

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2. CABINET-LEVEL MEETING ALSO DISCUSSED SUBSIDIES AND

PRICING POLICIES IN THIS CONTEXT. MINISTERS OF TRADE/SUPPLY, AGRICULTURE, INDUSTRY AND IRRIGATION WERE DIRECTED TO PREPARE STUDY ON SUBJECT AND REPORT BACK IN 24 HOURS.

3. IMMEDIATE BACKGROUND TO THIS HIGH-LEVEL DISCUSSION POSSIBLE WAS RECENT CONTROVERSY BETWEEN MINTRADE-SUPPLY TEWFIK AND MININDUSTRY SAHIN FORMER CALLED FOR INCREASED INDUSTRIAL PRODUCTION TO MEET DEMAND; LATTER REPORTED INDUSTRY MINISTRY WAREHOUSES ARE ALREADY FULL BECAUSE OF DISTRIBUTION FAILURE OF SUPPLY MINISTRY. PROBLEM HAS LONG PLAGUED GOE, HOWEVER, AND HAS BECOME ESPECIALLY SENSITIVE WITH REGARD TO SUPPLY OF BASIC COMMODITIES TO LOWEST INCOME CLASSES UNDER RATION SYSTEM AT SUBSIDIZED PRICES (SEE CAIRO A-47.)

A. ONE ENCOURAGING SIGN FROM EGYPTIAN VIEWPOINT IS FACT PRIMIN EVIDENTLY IS DEVOTING ATTENTION TO ISSUE AND FOCUSING CABINET ON PROBLEM. ANOTHER IS ASSUMPTION IN MARCH OF SUPPLY PORTFOLIO BY TEWFIK, A CONSIDERABLY MORE CAPABLE INDIVIDUAL THAN HIS PREDECESSOR. WHETHER HE OR PRIMIN OR WHOLE CABINET CAN BRING ORDER OF OUT SUPPLY/DISTRIBUTION CHAOS IS QUESTIONABLE, BUT POTENTIAL FOR POLITICAL UNREST AND SHEER WASTE OF RESOURCES INHERENT IN PROBLEM APPARENTLY IS BEING RECOGNIZED BY GOE LEADERSHIP.
EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMODITIES, STOCKPILES, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CAIRO04574
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760131-0738
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760489/aaaacvxv.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUN 2004 by BoyleJA>; APPROVED <21 OCT 2004 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRIME MINISTER ADDRESSES SUPPLY PROBLEMS
TAGS: EFIN, ETRD, EG
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006